

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1311

March 26, 2013

SUMMARY OF BILL: Creates a Class D felony for selling, distributing, or possessing with the intent to sell or distribute a controlled substance, when the controlled substance is obtained through the use of TennCare benefits which were used as payment for an office visit, obtaining a prescription, or for any other health care management program.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$4,200/Incarceration*

Assumptions:

- According to statistics from the Department of Correction (DOC), there has been an average of 0.6 admission per year for TennCare fraud under Tenn. Code Ann. § 71-5-2601 and -2602 over the past five years. It is assumed that the bill would result in one Class D felony admission every 10 years for selling or distributing a controlled substance obtained with TennCare benefits.
- According to the U.S. Census Bureau, population growth in Tennessee has been 1.12 percent per year for the past 10 years, yielding a projected compound population growth of 11.78 percent over the next 10 years. Population growth will not affect the fiscal impact of this legislation.
- A recidivism discount of 33.75 percent applies, but due to the low number of admissions added by this legislation, the recidivism discount does not impact the incarceration cost for the proposed legislation.
- According to the Department of Correction (DOC), the average operating cost per offender per day for calendar year 2013 is \$64.17.
- The average time served for a Class D felony is 1.80 years.
- The maximum cost in the tenth year, as required by Tenn. Code Ann. § 9-4-210, is based on one offender every 10 years serving 1.80 years (657.45 days) for a total of \$4,219 $[(\$64.17 \times 657.45 \text{ days}) / 10]$.
- Due to the low number of convictions the bill would result in, it is assumed that the courts, district attorneys, and public defenders can accommodate any impact to their caseloads within existing resources.

**Tennessee Code Annotated § 9-4-210 requires an appropriation from recurring revenues for the estimated operation cost of any law enacted after July 1, 1986 that results in a net increase in periods of imprisonment in state facilities. The amount appropriated shall be based upon the highest cost of the next 10 years.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/trm